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In-depth evaluation of the United Nations Human Settlements Programme (UN-Habitat)

Note by the Secretary-General

In conformity with General Assembly resolutions 48/218 B of 29 July 1994, 54/244 of 23 December 1999 and 59/272 of 23 December 2004, the Secretary-General has the honour to transmit herewith the report of the Office of Internal Oversight Services on the in-depth evaluation of the United Nations Human Settlements Programme (UN-Habitat).

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Report of the Office of Internal Oversight Services on the in-depth evaluation of the United Nations Human Settlements Programme (UN-Habitat)

Summary

The present report reviews the achievements and shortcomings of the United Nations Human Settlements Programme (UN-Habitat), headquartered in Nairobi. Since its creation in 1977, the programme has responded to a very broad legislative mandate by developing a comprehensive set of normative, analytical and operational activities. In January 2002, in response to General Assembly resolution 56/206 and in recognition of its increased function and responsibilities, the United Nations Centre for Human Settlements (Habitat) was transformed into the secretariat of UN-Habitat, reporting to its Governing Council, a subsidiary organ of the General Assembly.

There is general agreement that the Global Campaign on Urban Governance and the Global Campaign for Secure Tenure have raised awareness of the norms of good urban governance and secure tenure and have led to changes at the policy and institutional levels in the countries in which campaigns were launched. The main challenges in the effective promotion of the campaigns have been the lack of clearly articulated strategies and plans and the financial constraints faced.

The monitoring function of UN-Habitat has expanded beyond the compilation of statistics on human settlements to include urban indicators to monitor the Millennium Development Goals of improving the lives of slum-dwellers, and there are ongoing discussions in regard to strengthening the partnership between UN-Habitat and the World Bank. Based on a recent evaluation commissioned by UN-Habitat, its flagship reports are reviewed positively. Nonetheless, the Office of Internal Oversight Services (OIOS) concurs with the evaluators' recommendation to streamline the number of reports in order to maintain quality and avoid duplication. The Monitoring and Research Division has identified gaps in its research agenda and there is a need to establish clearer priorities and provide guidance to the network of academic and research institutions which was established to assist UN-Habitat in its analytical work. The Best Practices and Local Leadership Programme, an international award programme, is well regarded but can be better integrated into the UN-Habitat work programme.

Within the Regional and Technical Cooperation Division, three regional offices manage a large portfolio of technical cooperation projects. Their shortage of funds will need to be addressed in the context of the overall fund-raising of UN-Habitat. OIOS found that, despite some capacity and security constraints and, in some cases unrealistic time frames, clients were satisfied with the products, and the projects have contributed to introducing new norms and policies at the national and local levels. There are many admirable examples of scaling up in the operational aspects of the global programmes and other initiatives. However, a number of pilot projects rarely lead to large programmes capable of reversing the growth of slum settlements. UN-Habitat recently established a subprogramme which focuses on resource mobilization for investment in human settlements.

An important achievement is the fourfold increase in bilateral extrabudgetary contributions to UN-Habitat; another is the initial efforts to develop innovative approaches to financing. The following concerns, however, persist: (a) the substantial proportion of contributions that are bilateral governmental contributions, and (b) the dependency on a small number of donors. Despite the recent establishment of subprogramme 4, on human settlements financing, OIOS notes that there is a lack of clarity as to who is responsible for the coordination and raising of funds for the various programmes and activities.

Partners and stakeholders have expressed their appreciation of the work of the Executive Director. However, senior management needs to strengthen its strategies in specific areas and focus on a few critical activities. The continued absence of a full-time Deputy Executive Director needs to be addressed. The support provided to the Committee of Permanent Representatives and the Governing Council of UN-Habitat could be further strengthened by reassigning some of the responsibilities currently performed by the secretariat of the Governing Council. The strengthening of the outreach and information activities has had positive results in raising the profile of the Programme. Despite initiatives to strengthen the monitoring and evaluation functions, the problem of capacity and funding persists.

Recommendations are made to: (a) further sharpen the focus of UN-Habitat; (b) improve the planning, management and funding of the campaigns; (c) mainstream housing rights; (d) consolidate flagship reports; (e) eliminate gaps in research; (f) enhance the integration of the Best Practices and Local Leadership Programme into the work programme of UN-Habitat; (g) evaluate the role and effectiveness of UN-Habitat programme managers; (h) ensure that relevant pilot projects involving direct assistance to slum upgrading are designed to scale up; (i) ensure the early involvement of human settlements experts in post-conflict and disaster assessment and reconstruction; (j) improve the coordination of fund-raising activities; (k) strengthening of secretariat support to Member States; and (l) strengthening of the capacity of the Evaluation and Monitoring Unit in its analytical work.

I. Introduction

A. Mandate and methodology

1. The Committee for Programme and Coordination, at its forty-second session, decided that an in-depth evaluation by the Office of Internal Oversight Services (OIOS) of the United Nations Human Settlements Programme (UN-Habitat) should be submitted to the Committee at its forty-fifth session.[1] The present report has been reviewed by the relevant programmes and offices. Their comments appear in italics, as appropriate.

2. The in-depth evaluation reviewed all activities of the UN-Habitat, focusing on programme 11 of the medium-term plan for the period 2002-2005[2] and its objectives of: (a) improving the shelter conditions of the world's poor and ensuring sustainable human settlements development; (b) ensuring that the implementation of the Habitat Agenda is effectively monitored and assessed; (c) strengthening organizational and technical capacity primarily at the national level and also at the local levels for the formulation and implementation of policies, strategies and programmes; and (d) increasing funds from international and domestic sources in support of shelter, related infrastructure development programmes and housing finance institutions and mechanisms, particularly in developing countries.

3. In the conduct of the evaluation, OIOS reviewed official and internal United Nations documents, internal and external assessments and evaluations, and conducted surveys and structured interviews with management and staff of UN-Habitat, Secretariat departments and other stakeholders.

B. Organization of the programme

4. The United Nations Centre for Human Settlements (Habitat) was established by the General Assembly in its resolution 32/162 (III) of 19 December 1977. In 2001, responding to the request of the General Assembly, the Secretary-General proposed upgrading the Centre to a programme, based on the following rationale: (a) recognition of its increased function and responsibilities; (b) giving higher visibility to human settlements issues; (c) opening up new opportunities for resource mobilization; and (d) achieving more productive and effective collaboration with other agencies (A/56/618, para. 31). The General Assembly, by resolution 56/206 of 21 December 2001, approved the proposal of the Secretary-General, with effect from 1 January 2002. The United Nations Human Settlements Programme, known as UN-Habitat, is headed by an Executive Director at the Under-Secretary-General level, responsible to the Secretary-General.

5. Currently, UN-Habitat consists of four subprogrammes: (a) shelter and sustainable human settlements development; (b) monitoring the Habitat Agenda; (c) regional and technical cooperation; and (d) human settlements financing. Two former subprogrammes, on adequate shelter for all and sustainable human settlements development, were merged into the first of the aforementioned

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[1] *Official Records of the General Assembly, Fifty-seventh Session, Supplement No. 16* (A/57/16), para. 259.

[2] Ibid., *Supplement No. 6* (A/57/6/Rev.1 and Corr.1).

subprogrammes in order to better integrate shelter into human settlements development and to strengthen the relationship between the two global campaigns (see below). The Monitoring and Research Division was established in 2002 to strengthen the capacity of the UN-Habitat secretariat to assist and provide substantive support to the Governing Council in monitoring and assessing the progress made in the implementation of the Habitat Agenda. An organizational chart of UN-Habitat appears in the annex to the present report.

II. Advocacy of norms

A. Background

6. In 1999, UN-Habitat adopted a strategic vision that sought to balance normative and operational activities. The principles and norms advocated by UN-Habitat evolved from the outcomes of major international conferences and summit meetings on shelter and sustainable development and international human rights covenants and instruments — primarily, the Habitat Agenda, the United Nations Millennium Declaration, the Declaration on Cities and other Human Settlements in the new Millennium (2001) and the World Summit on Sustainable Development.

B. UN-Habitat global campaigns

7. UN-Habitat is engaged in two global campaigns — the Global Campaign on Urban Governance and the Global Campaign for Secure Tenure. The former, launched in 2000, is based on the Habitat Agenda, which recognized the importance of good governance and aimed to foster transparent, responsible, accountable, just and efficient urban governance. The latter, also launched in 2000, is rooted in international covenants and conventions on human rights, in particular the International Covenant on Economic, Social and Cultural Rights, and the Habitat Agenda. Article 11 of the Covenant recognizes that housing is an essential element of the right of everyone to an adequate standard of living. In the Habitat Agenda, Governments recognize that they have "a responsibility in the shelter sector" and that they "should take appropriate action in order to promote, protect and ensure the full and progressive realization of the right to adequate housing."[3] This includes slum upgrading, access to services and credit, the gender dimension of tenure rights and the strengthening of social organizations.

1. Awareness-raising

8. External evaluation of the two campaigns in 2004 found that they raised the profile of selected issues, brought together different stakeholders, encouraged socio-political mobilization and should be viewed as ongoing, long-term, open-ended processes. The organizational framework established by UN-Habitat at the local, national and global levels and the preparatory work for the campaigns play a key role in the dissemination of campaign norms through the active participation of civil society in normative debates. Over the past four years, campaigns have been

[3] *Report of the United Nations Conference on Human Settlements (Habitat II), Istanbul, 3-14 June 1996* (United Nations publication, Sales No. E.97.IV.6), chap. I, resolution 1, annex II, para. 61.

launched in 10 countries, and joint activities between the Urban Development Branch, responsible for the Global Campaign on Urban Governance, and the Shelter Branch, responsible for the Global Campaign for Secure Tenure, were conducted in five of them.

9. The norms of good urban governance and secure tenure have also been disseminated through various publications and documents produced in collaboration with other UN-Habitat units. There are handbooks on how to increase participation and transparency in urban decision-making, participatory budgeting, security of tenure and access to land, pro-poor land management, and guidelines on how to undertake a national campaign for secure tenure. Several casebooks have been developed, including *Lessons Learned in Implementing the Habitat Agenda and Sustainable Urbanization: Bridging the Green and Brown Agendas*. The publication of the casebooks, which were widely disseminated but are currently out of print, coincided with the twenty-fifth special session of the General Assembly, convened in 2001 to review and appraise the implementation of the Habitat Agenda, and the World Summit on Sustainable Development in 2002. These resources have been used for training and capacity-building in various countries, and some have been adapted to the local context.

2. Policy changes

10. OIOS noted the following outcomes of campaign activities: (a) adoption of legal instruments and policies granting land; (b) strengthening of security of tenure and regularization of informal settlements; (c) integration of slum upgrading into city management; and (d) actual slum upgrading through access to land and financing mechanisms. Campaigns also addressed the scope and scale of forced evictions of the poor, which have raised widespread concern. The Advisory Group on Forced Evictions monitors and identifies and, if so requested, promotes alternatives to unlawful evictions and where possible, facilitates a process of negotiated relocation. The Advisory Group is currently working on its first report to the Executive Director, documenting cases of pending or ongoing eviction.

11. To persuade Governments to adopt policies that are consistent with the norms of good urban governance and secure tenure, the UN-Habitat leadership has focused primarily on influencing the debate in regional ministerial councils and organizations. In Latin America, UN-Habitat has participated in meetings of a ministerial council for housing. In Africa, UN-Habitat has conducted political advocacy by working through the African Union, and has participated in the launching of the African Ministerial Conference on Housing and Urban Development early in 2005. The Executive Director stated that her appointment as a Commissioner to the Commission for Africa, an initiative of the Prime Minister of the United Kingdom of Great Britain and Northern Ireland to provide a coherent set of policies to accelerate progress towards a strong and prosperous Africa, has given her yet another platform from which to promote UN-Habitat norms.

12. On the basis of field interviews in Kenya and South Africa, OIOS found that, following political reform in those two countries, the respective Governments adopted pro-poor housing policies which in turn allowed UN-Habitat to provide assistance on normative issues and institutional reform.

3. Challenges

13. OIOS notes that the main challenge to the effectiveness of the campaigns has been the inadequacy of planning, both globally and at the country level, and resource constraints. Globally, there is an absence of a clear strategy outlining where the campaigns should be launched based on the needs and opportunities offered by the local political context. At the country level, the campaign action plans were frequently not properly targeted towards obtaining the necessary support of policymakers and governmental institutions and translating that support into tangible changes in the conditions of poor urban-dwellers. Campaign time frames were often unrealistic and there was ineffective mobilization of local resources. Resource constraints have limited the coverage of the global campaigns, which to date has been extended to 10 countries.

14. Learning lessons from initial experience, UN-Habitat envisages adopting a more strategic approach to programming to ensure a closer linkage between the adoption of the relevant norms at the local and national levels and the achievement of concrete results and improvements in the lives of urban-dwellers. Tangible steps taken in this direction are the slum upgrading initiatives in Eastern Africa, including the Kenya slum upgrading programme. This approach should be emulated elsewhere.

15. Over the period 2003-2004, the level of funds raised for the two campaigns was $1 million, provided mainly by four donor countries. Concerned about the low level of funds, the Executive Director appealed to Member States in July 2003 for more robust financial and technical support to implement action plans, to respond to capacity-building requests and to promote changes in policies and legislation. The OIOS assessment is that the absence of a clear strategy identifying the countries and/or cities in which the campaign should take place, the presence within these countries of the conditions necessary for its success and the costing-out of its various phases deprives potential donors of relevant data and inhibits resource mobilization.

C. Horizontal collaboration

16. Collaboration between the two organizational units responsible for the two global campaigns and with other entities at UN-Habitat has varied considerably. For example, the urban governance norms provide the framework for designing operational activities and the regional offices provide input to the Urban Governance Section regarding the planning of the campaigns. The Water, Sanitation and Infrastructure Branch has integrated norms of good urban governance into its activities related to water education and management. Staff members involved in the Sustainable Cities Programme in the Urban Development Branch participated in the campaigns in the Philippines and Brazil. While some units have integrated norms, particularly those related to the Global Campaign on Urban Governance, into an expansive range of programme activities, there are several instances in which opportunities have been missed. This can be attributed both to the lack of strategic direction from programme managers and to lingering perceptions of some UN-Habitat staff that the global campaigns do not provide the driving and organizational framework for all UN-Habitat activities, but that they are just another activity competing for scarce resources.

D. Collaboration with the Office of the United Nations High Commissioner for Human Rights

17. The United Nations Housing Rights Programme was established in 2002, as a joint initiative by UN-Habitat and the Office of the United Nations High Commissioner for Human Rights (OHCHR) in response to Commission on Human Settlements resolution 16/7.[4] The objective of the Programme is to assist Member States and other stakeholders in the implementation of the Habitat Agenda, in particular paragraph 61, in regard to ensuring the full and progressive realization of the right to adequate housing, as provided for in international instruments. In a report on the implementation of the first phase of the Programme (2002-2004), it was stressed that, despite the lack of resources, the Programme was able to deliver concrete outputs. Further work is, however, required in terms of documenting the variety of national legislation on housing rights; only then will it be possible for the Programme to develop comprehensive and practical guidelines for legislative reform to promote housing rights. It was also found that at UN-Habitat there seems to be limited understanding of what a rights-based approach to housing for all and sustainable human settlements development implies and that this challenge must be addressed by senior management of UN-Habitat and OHCHR. Based on the above finding, OIOS is of the view that UN-Habitat should set up a task force on mainstreaming housing rights in all of its activities.

18. UN-Habitat collaborates with the Special Rapporteur on adequate housing as a component of the right to an adequate standard of living, appointed in 2000 by the Commission on Human Rights, whose mandate is to report on the realization of housing rights throughout the world, in particular within the framework of the Global Campaign for Secure Tenure and the United Nations Housing Rights Programme. In March 2004, the Special Rapporteur stated that he was particularly pleased about the assistance extended to him during his country missions, including by the United Nations Development Programme (UNDP), UN-Habitat and the Office of the United Nations High Commissioner for Refugees (UNHCR) (E/CN.4/2004/48, para. 7).

E. Contribution of the normative activities of the UN-Habitat to the achievement of goal 7 of the Millennium Development Goals

1. Raising awareness of goal 7

19. Two targets of goal 7 of the Millennium Development Goals are directly relevant to the work of UN-Habitat: (a) by 2020 to have achieved a significant improvement in the lives of at least 100 million slum-dwellers (target 11); and (b) to halve, by 2015, the proportion of people without sustainable access to safe drinking water and basic sanitation (target 10).

20. OIOS noted that, in its internal analysis, UN-Habitat emphasizes the linkages between the two global campaigns and Goal-related activities. UN-Habitat is planning over the forthcoming two years to launch campaigns in 10 additional countries. In the view of OIOS, while expanding the geographical coverage is

[4] See *Official Records of the General Assembly, Fifty-second Session, Supplement No. 8* (A/52/8), annex I, sect. A.

desirable, UN-Habitat should as a first step strengthen its strategic planning approach, taking more fully into account the needs of the regions, as reflected in the most recent monitoring data and country assessments conducted by the regional offices, and develop and apply the lessons learned from previous campaigns.

2. Monitoring target 10, relating to water and sanitation

21. The Water, Sanitation and Infrastructure Branch is active in a number of areas in support of target 10, which includes its Water for African Cities, Water for Asian Cities and Urban Water Governance programmes and the preparation of the UN-Habitat report on water and sanitation in the cities of the world. In addition, the Branch has developed a new model for cooperation, based on partnerships with Governments and financial institutions, building country capacity and creating an enabling environment for investment flows, which has been replicated in eight African and five Asian cities, leading to improvements in water and sanitation services to approximately 18 million people, including 9 million slum-dwellers. The scaling-up aspect of the above model is central in contributing to the achievement of the target on water and sanitation. UN-Habitat noted that it has concluded a fast-track follow-up investment of its Water for Asian Cities programme with the Asian Development Bank as a follow-up to the World Conference on Sustainable Development.

3. Urban Millennium Partnership

22. The Urban Millennium Partnership on localizing the Millennium Development Goals, an initiative of UN-Habitat in partnership with the organization United Cities and Local Governments and UNDP, was launched in September 2004. The Partnership aims to mobilize the resources needed to achieve the Millennium Development Goals and to promote activities at the global, regional, national and local levels. OIOS notes that, in selecting countries in which to implement the Partnership, UN-Habitat focused on those in which it had previously conducted campaigns. In the view of OIOS, this was a positive step because, based on lessons learned, new initiatives of UN-Habitat have a greater likelihood of succeeding in countries in which it has an established presence, a network of contacts and partnerships and a positive track record. However, in the future, there should be a proactive effort to link this initiative with the planning of future global campaigns.

4. Second World Urban Forum

23. The World Urban Forum is convened every two years by the Executive Director as a non-legislative technical forum in which experts can exchange views in the years when the Governing Council of UN-Habitat does not meet. The second World Urban Forum, held in Barcelona, Spain, in September 2004, saw an increase in participation from 1,195 to 4,389, reflecting a growing interest by policymakers and non-governmental organizations in issues of sustainable urban development. Discussions centred on overcoming urban poverty and ensuring a sustainable urban future, and fostered thorough reflection on the best policies and strategies for achieving poverty reduction and slum upgrading. The second Forum provided the venue for concluding a number of partnership agreements between UN-Habitat and United Cities and Local Governments, Habitat for Humanity International and Green Cross International, and a new phase of cooperation with the European Union. At the opening of the Forum, the late, former Prime Minister Rafik Hariri of

Lebanon was honoured for his outstanding and visionary leadership in the post-conflict reconstruction of his country. The key recommendations of the Forum are submitted to the Governing Council for consideration at its twentieth session in April 2005.

III. Monitoring and research

A. Monitoring function

24. The Monitoring and Research Division has pursued a two-pronged strategy. First, to continue the established programmes of developing and compiling statistics on housing and human settlements, including the *Compendium of Human Settlements Statistics* and the Urban Indicators Programme. Second, to monitor better the Millennium Development Goal target concerning slum-dwellers.

1. Statistics on housing and human settlements

25. In cooperation with the Statistics Division of the Department of Economic and Social Affairs, the Monitoring and Research Division mobilized a network of national statistics offices to collect urban statistics. The Urban Indicators Programme established contacts with experts in cities to provide indicators on the Habitat Agenda themes of shelter, governance, social and economic development and the environment. The databases for urban statistics and indicators available on the UN-Habitat website (Global Urban Observatory web page) have provided information for the Global Report on Human Settlements and have been used for various analytical and policy documents.

26. There are ongoing discussions between UN-Habitat and the World Bank on expanding their existing partnership to include urban and housing indicators collected by UN-Habitat in *World Development Indicators*, published by the World Bank. In the view of OIOS, the partnership is highly desirable since it could enhance the capacity of UN-Habitat, both by contributing rigour to the collection of data and making them available to a wider audience of policymakers.

2. Monitoring target 11, on improving the lives of slum-dwellers

27. In monitoring the progress made towards achieving target 11, the Monitoring Systems Branch facilitated a definition of the slum household used for preparing the slum estimates published in the 2003 edition of the Global Report on Human Settlements. The Branch took the lead in organizing in-house meetings and consultations with Task Force 8 of the Millennium Project on improvement of the lives of slum-dwellers, and expanded its monitoring function to include the Monitoring of Urban Inequities Programme, the objectives of which are global monitoring of urban poverty, enhanced local policy formulation through capacity-building and the establishment of local urban observatories. Another contribution of UN-Habitat to the monitoring of target 11 has been the development and wide dissemination through various channels and mechanisms of tools and guidelines. OIOS observed that the Monitoring and Research Division actively cooperates with many relevant partners in the Secretariat and throughout the United Nations system and participates in the system-wide coordination network and its working groups.

28. OIOS noted, albeit with some qualifications, the overall favourable opinion of partners of the Division in regard to the quality and usefulness of its statistics and indicators. The Division has contributed to improvement in the quality of statistics and estimates and, through a more dynamic collaboration with national statistical offices and other local institutions, to refining and implementing statistical methodologies. UNDP shared this view while noting that the *Urban Governance Index*, a tool being developed to measure good urban governance, required further refinement.

B. Substantive research and reports

29. Within the Monitoring and Research Division, the Policy Analysis, Synthesis and Dialogue Branch is responsible for coordinating research related to the preparation of the two flagship reports of UN-Habitat: *Global Report on Human Settlements* and *State of the World's Cities*.

30. Searches by OIOS in the *Economic Literature Index* and the *Social Sciences Citation Index* yielded no citations of UN-Habitat publications in the professional literature covered by these databases. A search by OIOS in the Lexis-Nexis database yielded three positive brief reviews of flagship reports. OIOS noted that, while in September 2004 the external evaluation commissioned by UN-Habitat reviewed the flagship reports positively, it also found that they were too long and lacked internal coherence since they were written by several consultants. Given the limited resources and the similarity of the issues covered by the two reports, and in order to maintain quality, it was recommended that they should be combined into one flagship report published every two years, which would contain a summary of key findings relevant to policymakers. OIOS shares the view that one flagship report every other year should be published and disseminated extensively and sent to key professional and policy journals for review. OIOS also notes that the Commission on Human Settlements, in its resolution 17/8,[5] had requested the Executive Director to consider the consolidation of the two flagship reports. *UN-Habitat noted that the effectiveness of the flagship reports should be assessed over a longer period, since the second report was first issued in 2001, and that UN-Habitat has the legislative mandate to produce both reports which are, respectively, targeted to the Governing Council and the World Urban Forum.* While UN-Habitat should continue contracting out the major tasks of writing the flagship report, it must increase the ownership and coherence of input by providing guidance in that regard. Publicity for the reports also needs to be increased, using as a model the impressive press and media campaigns for the 2003 edition of the Global Report, which included press conferences convened in several cities, radio and television interviews by UN-Habitat management and senior staff and the distribution of press kits to the media throughout the world.

31. Based on data obtained from the Sales Section of the Department of Public Information and UN-Habitat, OIOS determined that over 4,000 copies of the 2001 edition of the Global Report were distributed free of charge and 2,600 copies were sold by the end of 2004. These sales figures exceed those for the 2001 edition of the flagship report prepared by the Department of Economic and Social Affairs, *World*

[5] See *Official Records of the General Assembly, Fifty-fourth Session, Supplement No. 8* (A/54/8), annex I, sect. A.

Economic and Social Survey, which sold approximately 2,000 copies in the same period. As at December 2004, 1,400 and 3,800 copies of the 2003 edition of the Global Report had been, respectively, sold and distributed. The Monitoring and Research Division stated that the 2003 edition sold fewer copies than that of 2001 because it had been on the market only for one year.

Gaps in the research function

32. The Urban Economy and Finance Branch within the Monitoring and Research Division conducts research on policies and strategies in urban planning, economic development, poverty eradication, and municipal and housing finance systems. UN-Habitat reported that it has identified several gaps in this research programme. In view of OIOS, these gaps can be attributed to the lack of prioritizing the large number of topics that require research.

33. The Monitoring and Research Division has addressed part of the problem by establishing a research network which is expected to provide substantive input and advice on the content and organization of UN-Habitat flagship reports and to contribute to the human settlements research agenda. However, there still appears to be a lack of strategic prioritizing of research topics to guide the work of the network.

C. Best Practices and Local Leadership Programme

34. The Best Practices and Local Leadership Programme is a global network of institutions, with an international award programme established in 1995 by the Municipality of Dubai. Every two years, 10 outstanding initiatives receive the Dubai International Award; initiatives meeting the criteria for a best practice award are included in the best practices database and are publicized on the web page of the Programme.

35. The Best Practices and Local Leadership Programme Section has collaborated with the Shelter and Sustainable Human Settlements Development Division in developing casebooks, and has contributed many of the smaller case studies that appear in the flagship reports. The web page of the Programme is very popular and is among the 10 most visited pages of the UN-Habitat website, receiving some 2.5 million hits per year. The assessment of OIOS is that the Best Practices and Local Leadership Programme Section has been successful in promoting the Programme, enlarging its network of partnerships and raising funds, and that it is well regarded by partners and senior management. OIOS does note that UN-Habitat can better utilize the main products, such as the briefs on best practices, by analysing the lessons learned from these briefs and integrating the lessons into the planning and design of all of its activities in particular those related to research and technical cooperation. The Chief of the Section has indicated that only about 10 of 2,000 best practices have received direct input from UN-Habitat. OIOS also notes that eligibility criteria under the Programme are very broad and could be modified to achieve a sharper and narrower focus.

D. Gender mainstreaming

36. The Gender Mainstreaming Unit was set up to coordinate and provide policy and technical support for gender mainstreaming and the women's empowerment activities of UN-Habitat. The Chief of the Unit is a member of the Senior Management Board and the Project Review Committee. In addition, each branch of a division at UN-Habitat has a gender focal point to monitor activities and liaise with the Gender Mainstreaming Unit. Given the very limited resources of the Unit (one temporary post besides that of the Chief), it has made good progress in promoting gender mainstreaming.

37. In 2003, an evaluation of gender mainstreaming at UN-Habitat was conducted by a consultant commissioned by the UN-Habitat Evaluation Unit. In response to the recommendations arising from the evaluation, the Gender Mainstreaming Unit, in collaboration with the gender focal points and some senior managers, conducted a self-assessment exercise for staff, developed a handbook on gender mainstreaming and is planning to convene a series of workshops in 2005. In collaboration with other relevant UN-Habitat entities, the Unit has developed gender indicators and guidelines to mainstream gender in all phases of the programme planning cycle. It has also developed pilot projects that focus on empowering urban women in select African countries.

IV. Operational activities

38. The Regional and Technical Cooperation Division is the operational arm of UN-Habitat, responsible for testing norms and strategies at the regional, national and local levels. The Division has a portfolio of technical cooperation activities of over 150 projects in 61 developing countries and countries with economies in transition. This includes responsibility for the Iraq Programme and the management of three regional offices: for Africa and the Arab States, Asia and the Pacific, and Latin America and the Caribbean. In 2003, the Governing Council of UN-Habitat recommended the strengthening of the regional presence and cooperation of UN-Habitat. Currently, the regional offices are expected to provide the following services to developing countries and those with economies in transition: (a) technical cooperation services; (b) assisting in achieving goal 7 of the Millennium Development Goals, focusing on sustainable urbanization and urban poverty reduction; (c) increasing awareness of the global campaigns; and (d) assisting in the reconstruction of countries affected by disasters and conflict. The regional offices are also expected to contribute to the normative activities of UN-Habitat.

A. Current financing arrangements for regional offices

39. Historically, the three regional offices mentioned above have had to be self-financing. Their need to generate revenue potentially diverts the focus away from core mandates, limits their ability to mainstream activities and increases competition among partners.

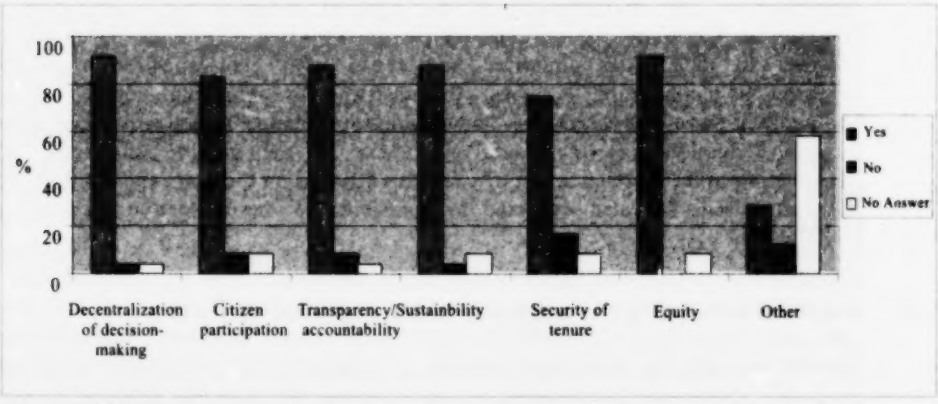
40. The ability to generate extrabudgetary funds has decreased over recent years owing to a number of factors, including the general evolution since 1992 towards national or direct execution of projects, a sharp reduction in the resources available at UNDP for United Nations execution of projects, and the tendency of bilateral agencies to decentralize, making access to bilateral funds extremely complicated. The resulting funding crisis for the regional offices has been addressed through increasing cooperation with development partners outside the United Nations system, mainly the European Commission and bilateral aid agencies, as well as through direct funding by Governments. Closer operational links among the global programmes of the UN-Habitat are being pursued through the direct allocation of the regional support budgets of the global programmes to the regional offices. Nevertheless, on 30 September 2004, UN-Habitat management reported to the Governing Council a budget shortfall of $1.4 million in the expenses of the regional offices for 2004, which it described as a crisis that needed to be addressed to ensure the continuity of the offices.

B. Operational activities in support of normative principles

41. In recent years, UN-Habitat has reoriented its operational activities to support its normative functions and to help find workable solutions for slum upgrading and sustainable urban development by putting in place and testing norms and strategies at the national, regional and local levels.

42. The results of a survey conducted by OIOS of the directors and stakeholders of a random sample of 30 projects selected by OIOS auditors based in Nairobi from all 150 technical cooperation projects indicate that the technical cooperation activities of UN-Habitat contribute to introducing norms and principles into policies at the national and local levels (see graph).

Survey response: Did the projects assist in developing or introducing new policies, norms and principles at the national or local level?



Source: OIOS survey.

43. Staff of the regional offices are contributing to the normative activities of UN-Habitat. For example, a new initiative undertaken by the Regional Office for Africa and the Arab States, the Regional Urban Sector Profile Study, seeks to analyse regional trends and recommendations for urban poverty reduction in Eastern and Southern Africa, compares different urban localities and profiles specific urban issues by assessing slum conditions, urban governance, gender and the urban environment. Through its reliance on consultations with stakeholders at the city, regional and national levels, the study also promotes the norms of good urban governance.

C. Achievements of technical cooperation projects

44. OIOS, in auditing UN-Habitat projects in Somalia (in 2001) and Northern Iraq (in 2003), found problems in project management, procurement, delegation of authority an staffing, and made recommendations to address those issues.

45. The OIOS survey found that the above-mentioned 30 sample projects were generally well designed and that more than one half of those in the final stages of implementation had achieved their objectives. With respect to project delivery the major sources of concern were capacity constraints of finance or staff (28 per cent of respondents), security problems (12 per cent), unrealistic time frames (12 per cent) and a lack of local government support (12 per cent).

D. Role of UN-Habitat programme managers

46. On a pilot basis and as part of the effort to improve collaboration between UN-Habitat and UNDP, the post of UN-Habitat Programme Manager was established late in 2002 within the UNDP structure. The programme managers are recruited locally and report to the Chief of the concerned UN-Habitat regional office through UNDP, and are responsible for the following: active participation in UNDP country activities and United Nations common strategic planning; advocating the norms and principles of the two global campaigns; implementation of the global programmes; and providing support to the regional office in the identification and monitoring of projects. A target level of 38 UN-Habitat programme managers was set for the end of 2004. As at March 2005, 29 had been recruited and recruitment is ongoing for an additional 16. Funding for the programme managers is being mobilized from multiple sources, including global programmes, the United Nations Habitat and Human Settlements Foundation, the Technical Cooperation Trust Fund and from bilateral and multilateral sources. OIOS considers that these appointments have the potential to greatly enhance the capacity of UN-Habitat to achieve its development goals, since the programme manages will help, specifically, to integrate shelter and urban poverty issues into United Nations development assistance frameworks, which, to date, have seldom included the alleviation of slums or urban poverty as major targets.

E. UN-Habitat projects successfully scaled-up

47. A central issue for all parties concerned with human settlements is the question of scaling up programmes to the order of magnitude needed to address the growth of slum settlements in cities. OIOS found many examples of scaling up in the operational aspects of the global programmes and other initiatives of the Regional Office for Africa and the Arab States.

Table 1
Strategies for scaling up

	Criteria		
Programme	*Initial application*	*Scope/method of scaling up*	*Assessment*
Safer Cities Programme	Initially launched in 1996 in Dar es Salaam; in 1998 in Abidjan; and in 2001 in Yaounde.	Replicated in other countries following adaptation to the local context through the development of stakeholder coalitions and the adoption of a multisectoral approach to local authority coalitions. Localized programmes have been expanded to 3 other municipalities of Dar es Salaam, 13 municipalities of Abidjan and 6 municipalities of Yaounde.	1. In Dar es Salaam, a favourable assessment in 2001 identified strong political commitments at all levels of government, wide-ranging coalitions and network groups. 2. In Abidjan, a coalition of partners was established to develop an institutional framework that was then replicated in other cities. 3. In Yaounde, municipal action plans were adopted to facilitate local development. This approach has the potential to be replicated in 20 other cities and to be used for developing a national strategy.
Water and Sanitation and Infrastructure Branch	Initially launched in 1999 in eight African countries to deliver positive change through professional coordination. Following its successful outcome, the programme was replicated in Asia in 2003.	In Africa, during its second phase, the programme is being expanded into secondary towns to provide water and sanitation and reduce environmental pollution. In Asia, the focus is directed at (a) building national capacity through the dissemination of tools, (b) creating a network of cities and (c) creating an enabling environment for new investment flows.	In Africa, a comprehensive effort to improve water management practices has led to improvements in the living conditions of about 16 million people in eight cities. Further expansion of the programme is attracting additional investments of $570 million through the African Development Bank. In Asia, the programme is operational in five cities with a population of 2.5 million. Further expansion of the programme in Africa and Asia is expected to improve the living conditions of 11.5 million people by 2010.
Regional Urban Sector Profile Study	Launched in Somalia in 2002 and published in 2003.	Provides rapid, local-level assessments to develop city profiles, enabling the preparation of a national urban profile that identifies the gaps and priority areas in which intervention is required. In addition, guidance is provided to donors.	Potential to introduce large-scale changes.
UN-Habitat-Cities Alliance	Launched in 1999, the programme is committed to improving the living conditions of the poor.	A global partnership between cities and their development partners to improve the impact of urban development by: (a) improving the living conditions of the urban poor through city and nationwide slum upgrading programmes; and (b) supporting city development strategies by helping to clarify priorities for action and investment.	Supported slum upgrading and city development strategies in more than 150 cities worldwide, including nationwide upgrading efforts at various stages of development and implementation in seven countries. Since 1999, expenditure of $40 million is linked with over $5 billion of investment, including $2.7 billion from the World Bank.

Sources: UN-Habitat self-assessment report, OIOS interviews and desk review of relevant documents.

48. Despite the positive examples illustrated in table 1, a number of pilot projects involving direct technical assistance to slum upgrading designed and implemented by UN-Habitat in developing countries rarely lead to large-scale, long-term programmes capable of reversing the growth of slum settlements.

49. A consensus of development experts indicates that a major obstacle to sustaining human settlements activities at the needed scale is the lack of adequate financing. Most developing countries finance human settlements programmes from their national budgets, supplemented by resources provided by bilateral donors and the multilateral development banks, but the resources are insufficient to meet the needs of the low-income population. Thus, medium- to long-term strategies are needed to raise domestic capital for this purpose. This is being addressed by the Slum Upgrading Facility, a new initiative of UN-Habitat aimed at assisting developing countries in mobilizing domestic capital for their slum and urban upgrading activities by facilitating links among local actors and by packaging the financial, technical and political elements of development projects.

F. Role of UN-Habitat in post-disaster and post-conflict activities

50. The Risk and Disaster Management Programme provides local government, communities and business organizations with practical strategies for mitigating and recovering from conflicts and natural disasters. The 30 sample projects selected by OIOS included 9 projects in six post-disaster/conflict countries. Despite the difficulties experienced in regard to most of these projects, such as procurement delays, lack of effective administrative systems and substantial security limitations, they appear to have been achieving their major objectives.

51. UN-Habitat is aware that the multisectoral and interdisciplinary nature of disaster reduction and response requires continuous interaction, cooperation and partnerships among related institutions and stakeholders, and has taken several steps to create inter-agency linkages. In 2003, it signed two memorandums of understanding, outlining areas of collaboration and responsibility, with UNHCR and with the United Nations Secretariat in relation to the International Strategy for Disaster Reduction. OIOS notes that, since April 2004, UN-Habitat participates in the Executive Committee on Humanitarian Affairs, but that it does not participate in the Inter-Agency Standing Committee. The latter was established, in response to General Assembly resolution 46/182 of 19 December 1991, to formulate a humanitarian policy that would ensure a coordinated and effective humanitarian response by all United Nations operational agencies and other relevant international organizations to both complex emergencies and natural disasters; it is therefore essential that UN-Habitat become a full, participating member of the Standing Committee. Neither does UN-Habitat participate in the Executive Committee on Peace and Security which seeks to establish linkages between peace and security and other sectoral areas. In the view of OIOS, given that it is the mandate of UN-Habitat to be involved in post-conflict reconstruction, consideration should be given by the Department of Political Affairs to inviting UN-Habitat to attend meetings of the Executive Committee, as and when appropriate.

52. UN-Habitat has prepared a theme paper on post-conflict, natural and man-made disaster assessment and reconstruction that proposes guidelines and a framework for its intervention at the earliest stage of post-disaster work in order to

ensure sustainable relief and reconstruction (HSP/GC/20/5). Based on the past experience and positive accomplishments of UN-Habitat in this area, OIOS considers that the early involvement of urban experts will help to ensure that human settlements reconstruction follows the best possible normative practices and has a positive short-term and long-term impact.

G. Cooperation between UN-Habitat and the United Nations Environment Programme

53. Cooperation between the United Nations Environment Programme (UNEP) and UN-Habitat in environmental aspects of policies, planning and management of human settlements was formalized in 1996 through the establishment of a full partnership in the Sustainable Cities Programme, as recommended by their respective intergovernmental bodies. Since then, the two organizations have worked to further strengthen and broaden their framework of cooperation through a new coordinating mechanism and joint activities and programmes. The Sustainable Cities Programme has become a primary tool for supporting the implementation of Agenda 21, the environmental dimension of the Habitat Agenda and the Millennium Development Goals through a process of broad-based participatory urban decision-making. In connection with the Water for African Cities Programme, UNEP has been invited by UN-Habitat to join the Lake Victoria Region Water and Sanitation Initiative. Both UN-Habitat and UNEP support the *Global Environment Outlook* process in planning the development of projects at the local level that analyse the state of the local environment and the impact of cities. UN-Habitat has also produced guidelines in respect of environmental assessment requirements.

V. Innovative approaches to funding

A. Background

54. UN-Habitat has traditionally relied on extrabudgetary sources to fund its activities. While regular budgetary resources have increased by almost 20 per cent since the 1998-1999 biennium, the proportion of regular budgetary to total expenditure is only 10 per cent. The overall decline in donor funding available for technical cooperation activities is also expected to have an impact in the medium term.

55. Fund-raising at UN-Habitat is led by the Executive Director who promotes the activities of the Programme and appeals to existing and potential donors to provide voluntary contributions to implement the Habitat Agenda and the Millennium Declaration in regard to slum upgrading. A focal point provides each donor with a specific reference person to whom it can direct its enquiries. In addition, UN-Habitat organizes conferences with all donors to promote and appeal for increased funding and to report to them on the progress made in the programmes and projects to which they have already contributed funding. Despite this arrangement, OIOS observed that, in practice, there is a general lack of coordination of fund-raising efforts by UN-Habitat senior officials who use their networks to raise funds for the projects falling under their responsibility.

Table 2
UN-Habitat expenditure, 1998-2007
(Millions of United States dollars)

	Annual expenditure				
Category	*1998-1999*	*2000-2001*	*2002-2003*	*2004-2005*[a]	*2006-2007*[b]
Regular budget	13.9	15.7	14.5	16.5	16.5
United Nations Habitat and Human Settlements Foundation	25.1	20.8	45.4	67.0	32.7
Technical cooperation[c]	115.3	319.5	169.3	69.0	67.1
Total	**154.3**	**356.0**	**229.2**	**152.5**	**166.3**

Source: UN-Habitat Management Support Unit.

[a] Revised estimates based on HSP/GC/20/9.

[b] Budget estimates based on HSP/GC/20/9, with the regular budgetary component maintained at the same level as the 2004-2005 biennium pending approval of the proposed regular budgetary submission by the General Assembly.

[c] Despite the rise in bilateral contributions, total extrabudgetary expenditures, which tend to be driven by post-conflict, post-disaster situations, have declined over the past two bienniums, primarily because of the closure of the Oil-for-Food programme.

B. Financial concerns exist

56. The resource mobilization strategy of UN-Habitat has resulted in a steady fourfold increase in resources over the past four years, from $16.5 to $63.5 million. Despite this progress, financial concerns persist owing to:

(a) The substantial proportion of earmarked or special purpose contributions, which are more than double the level of the general purpose (non-earmarked) extrabudgetary contributions made during the past few bienniums, a ratio which is expected to remain at much the same level;

(b) The dependency on a small number of donors. Over the past five years, on average, the top 10 donors have contributed 60 per cent of total contributions to the United Nations Habitat and Human Settlements Foundation.

57. Nevertheless, OIOS is of the opinion that the overall growth of bilateral contributions is an indicator of confidence in UN-Habitat and its leadership.

Table 3
Income of the United Nations Habitat and Human Settlements Foundation
(Millions of United States dollars)

	Annual expenditure				
Category	*1998-1999*	*2000-2001*	*2002-2003*	*2004-2005*[a]	*2006-2007*[b]
General purpose	7.3	10.9	14.3	22.0	25.0
Special purpose	18.0	14.2	37.8	45.2	56.5
Subtotal	**25.3**	**25.1**	**52.1**	**67.2**	**81.5**
Other income	1.0	2.4	2.4	1.5	1.5
Total	**26.3**	**27.5**	**54.5**	**68.7**	**83.0**

Source: UN-Habitat Management Support Unit.
[a] Revised estimates based on HSP/GC/20/9.
[b] Budget estimates based on HSP/GC/20/9, with the regular budgetary component maintained at the same level as the 2004-2005 biennium pending approval of the proposed regular budgetary submission by the General Assembly.

C. Slum Upgrading Facility

58. The General Assembly, by resolution 56/206, called for UN-Habitat to strengthen the United Nations Habitat and Human Settlements Foundation so as to facilitate requisite investments for improving human settlements for low-income people, in particular, in developing countries and countries with economies in transition. In response, the subprogramme on human settlements financing was established in the biennium 2004-2005. The subprogramme includes the Slum Upgrading Facility (see para. 49 above) which is managed in conjunction with Cities Alliance (see para. 60 below). As at the end of 2004, the Governments of the United Kingdom and Sweden had pledged $20 million of the $30 million needed for the initial three-year effort.

59. OIOS notes that in order to implement the above-mentioned General Assembly resolution, the elaboration of a complete package of operational financial regulations and rules specific to the revitalized United Nations Habitat and Human Settlements Foundation, which is anchored in the Human Settlements Financing Division, is necessary to enable the Foundation to act as a financing facility for the provision of seed capital and other forms of financial assistance. Also, OIOS is aware that there is an ongoing discussion within UN-Habitat on the terms of reference of the Slum Upgrading Facility. OIOS is of the view that UN-Habitat has not adequately defined its corporate role in raising domestic capital for the Facility. In interviews with senior officials, they sometimes refer to UN-Habitat playing the role of broker or that of change agent contributing a small amount of seed capital, while in documents they mention the option of setting up a global shelter loan guarantee facility which would guarantee to domestic financial institutions the repayment of a significant portion of the loans in case of default by domestic borrowers.

D. Expansion of strategic partnerships

60. Recently, UN-Habitat has embarked on the following strategic partnerships to increase the impact of the Programme and leverage its resources:

(a) Cities Alliance is a global alliance of cities and their development partners committed to improving the living conditions of the urban poor. It was launched by UN-Habitat and the World Bank in 1999, together with Governments and the four major global associations of cities and local authorities which recently merged as the organization United Cities and Local Governments. Seeking impact at scale, the Cities Alliance provides support to nationwide slum upgrading and to cities committed to implementing citywide development strategies;

(b) The 2002 memorandum of understanding between UN-Habitat and UNDP on the placing of UN-Habitat programme managers in selected countries is aimed at improving collaboration and ensuring that urban poverty reduction will receive greater consideration, in both the planning and allocation of resources;

(c) UN-Habitat has signed a memorandum of understanding with the Asian Development Bank to secure support for water and sanitation in Asian cities, and with the Inter-American Development Bank to promote cooperation in support of joint projects and programmes in housing and urban development;

(d) UN-Habitat has also encouraged the development of multi-year core funding arrangements by donors that increase the predictability of their support. Such a partnership programme, pioneered with the Government of the Netherlands, promotes the concept of soft earmarking and supports the implementation of the strategic vision of UN-Habitat. It is expected that if other donors were to adopt this approach, it would bring more stability and predictability to funding of priority areas.

VI. Executive direction and cross-cutting issues

A. Support provided to the Executive Director

61. The Executive Director is well respected among partners and stakeholders for her drive and energy in pursuing the strategic vision and promoting the Programme and its mandate. The partners and stakeholders attribute much of the credit for the increase in voluntary contributions over the past four years, as well as for the new partnership agreements, to her leadership. Her ability to ensure that the administrative infrastructure supports this growth has been hampered by the absence of a full-time Deputy Executive Director. This function has been performed for the past two years by the Director of the Regional and Technical Cooperation Division in addition to his normal duties. If the gains made by the Executive Director are to be sustained, there is an urgent need to ensure that this senior manager is available full time to focus on the administrative infrastructure.

B. Support provided to intergovernmental bodies

62. Support is provided to the Committee of Permanent Representatives and the Governing Council by the Secretariat of the Governing Council, External Relations

and Inter-Agency Affairs Section. Although the staff members of the Section advised OIOS that there is sufficient staffing and funding capacity adequately to support the Committee and the Governing Council, discussions by OIOS with members of the Committee indicate that the formal support received from the Section is not sufficient or timely and that, as a recourse, they are using other parts of UN-Habitat to obtain the information they need. In the view of OIOS, this inadequate level of support is attributable to the fact that the Section is not only responsible for support to the Committee and the Governing Council but also for external relations, such as answering queries from various levels of local government and from ministers, as well as for inter-agency affairs. The job description of the Chief of the Section lists the following responsibilities: Secretary of the Governing Council, Secretary of the Committee of Permanent Representatives, Secretary of the World Urban Forum, Chief of Inter-Agency Affairs, Chief of External Relations, Chief of Protocol, Principal Liaison Officer with the host Government in respect of the implementation of diplomatic privileges and immunities under the Headquarters Agreement, and undertaking special assignments of a political nature. OIOS observes that, in the United Nations Secretariat, this collection of functions is usually not assigned solely to one unit.

C. Outreach and information

63. In 2003, a new information strategy was drawn up, aimed at improving the effectiveness of UN-Habitat in raising awareness of human settlements issues, enhancing its profile and supporting the global exchange of information on shelter and human settlements issues. As a result, the Press and Media Unit became part of the Information Services Section and a 2 per cent budget provision was introduced in all subprogrammes to ensure the necessary funds for information and evaluation activities.

64. In 2003, as a result of a contract between UN-Habitat and the Pan African News Agency, PANAPRESS, to increase coverage of news on urbanization and human settlements, 100 articles were posted on the PANAPRESS website. Press and media guidelines were established for all UN-Habitat regional offices, and workshops were conducted for journalists. The Information Services Section played a major role in promoting World Habitat Day and the second World Urban Forum, and took steps to enhance the corporate identity of UN-Habitat.

65. Since 2001, as a result of various improvements to the website, including weekly updating of information, there has been an increase in the number of visits per month, from 80,000 to 120,000. Early in 2004, the UN-Habitat Intranet became accessible at all UN-Habitat locations, including regional offices, providing a central, searchable knowledge base. Also, in collaboration with UNEP, the UN-Habitat library was re-established as a separate collection located in the main library of the United Nations Office at Nairobi.

66. The Section contributed to developing a new publication policy and supporting system to improve the planning, monitoring and production of UN-Habitat publications. The policy addresses many of the recommendations contained in a 2002 OIOS audit report, in particular, the introduction of a sales and marketing strategy aimed at increasing the circulation of UN-Habitat publications to the target audience and recovering publication costs.

67. OIOS is concerned that information and communication activities are still considered subsidiary activities and, in the first year, it proved difficult to mobilize the necessary funds. As a result, some activities could not be fully implemented. Once all of the supervisory posts are filled, the Information Services Section, with 5 Professional and 19 General Service staff and 3 service contractors, will have the capacity to fulfil its ambitious mandate.

D. Monitoring and evaluation

68. The monitoring and evaluation functions of UN-Habitat are coordinated by the Monitoring and Evaluation Unit, which is located in the Office of the Executive Director to give it greater independence. Between 2000 and the end of 2004, 36 assessments and evaluations were prepared. OIOS found that the quality of the reports varied greatly, that there was an absence of a common methodological framework and that there were gaps in the evaluation coverage. Global programmes and urban governance issues were well covered, while secure tenure activities were not.

69. Since 2003, UN-Habitat has undertaken several initiatives to strengthen monitoring and self-evaluation activities. A new charging system was introduced in support of evaluation activities. Two publications, a monitoring and evaluation guide and a project cycle manual, were issued in 2003. An internal monitoring and evaluation database management system is being developed to plan and monitor evaluations, track the progress made in the implementation of recommendations and analyse the lessons learned.

70. The major challenge faced by the Monitoring and Evaluation Unit is its limited staffing resources (1 Professional and 1 General Service). The 2 per cent provision of the new charging system covered only 10 per cent of the required funding of $850,000 for the 2004-2005 biennium.

VII. Conclusions and recommendations

71. Since its creation in 1977, the United Nations Human Settlements Programme (UN-Habitat) has evolved into a comprehensive set of normative, analytical and operational activities. The Programme has a very broad mandate and, under the themes of urban governance, sustainable development and shelter, it covers a wide range of social and economic issues. Since their launching in 2000, the global campaigns on urban governance and secure tenure have: (a) provided the framework for several UN-Habitat activities, such as the global programmes and technical cooperation activities; (b) raised awareness of the norms of good urban governance and secure tenure; and (c) led to changes at the policy and institutional levels in the countries in which they were launched. However, OIOS found that effectiveness of the global campaigns was impaired by financial constraints and the lack of a clear strategy, and that they have not provided the expected driving and organizational framework for all UN-Habitat activities.

72. The contribution of UN-Habitat to the achievement of goal 7 of the Millennium Development Goals has been constrained by the limited scope of some of the advocacy activities. However, OIOS noted the following positive

accomplishments: (a) the establishment of a new model of cooperation in African and Asian cities in support of the target relating to water and sanitation; and (b) the establishment in 2004 of the Urban Millennium Partnership, a collaborative effort of UN-Habitat, United Cities and Local Governments and UNDP, aimed at mobilizing resources to achieve the Millennium Development Goals at the local level; and (c) the development of a definition of the slum household and monitoring tools that are used by Governments.

73. UN-Habitat has made a significant contribution to city statistics and slum estimations and there are ongoing discussions to strengthen the partnership between UN-Habitat and the World Bank with respect to the World Development Indicators. Based on a recent evaluation commissioned by UN-Habitat, its two flagship reports were reviewed positively. Nonetheless, OIOS concurs with the recommendation of the evaluators to streamline the number of reports so as to maintain quality and avoid duplication. The Monitoring and Research Division has identified gaps in its research agenda; there is a need for prioritizing the large number of topics on which it is currently conducting research. This prioritizing should also serve as the basis for guiding the activities of the network of academic and research institutions established to assist UN-Habitat. The Best Practices and Leadership Programme, an international award programme, is well regarded but needs to be better integrated into the work programme. Good progress has been achieved towards mainstreaming gender in all UN-Habitat activities.

74. OIOS finds that, despite some capacity constraints and security concerns, clients were generally satisfied with UN-Habitat technical cooperation projects and that the projects have contributed to introducing new norms and policies at the national and local levels. While OIOS found many admirable examples of scaling up of successful initiatives in the operational aspects of the global programmes and other initiatives, a number of pilot projects involving direct technical assistance to slum upgrading designed and implemented by UN-Habitat in developing countries rarely lead to large-scale programmes capable of reversing the growth of slum settlements. The placement of UN-Habitat programme managers in UNDP offices in a number of developing countries is a positive step in integrating the Habitat Agenda more fully into United Nations development assistance frameworks.

75. Despite the commendable progress made in regard to resource mobilization, including the adoption of innovative approaches to funding, the following financial concerns persist: (a) the substantial proportion of bilateral governmental contributions that is earmarked; and (b) the dependency on a small number of donors. Despite the recent establishment in the biennium 2004-2005 of a subprogramme focusing on resource mobilization, OIOS notes that there is lack of clarity as to who is responsible for the coordination and raising of funds for the various programmes and activities.

76. Partners and stakeholders have expressed appreciation for the drive and energy demonstrated by the Executive Director of UN-Habitat in pursuing the Programme's strategic vision, and her promotion of the Programme and its mandate. They also attribute much of the credit for the increase in voluntary contributions and for the development of new partnerships to her leadership. However, OIOS notes the need for senior management of UN-Habitat to take immediate steps to: (a) narrow the scope of the Programme and focus on fewer activities (see para. 79 below); (b) strengthen programme planning, design and coherence in several functional

areas; (c) improve the support provided to the Governing Council and the Committee of Permanent Representatives; and (d) enhance the capacity of the Evaluation and Monitoring Unit.

77. As noted above, UN-Habitat has a very broad mandate. A number of important stakeholders have suggested that, given the unpredictability of extrabudgetary funding and other considerations, UN-Habitat could be more effective if it narrowed the scope of its programme and focused on fewer activities. UN-Habitat has pointed out that this might be limited by practical considerations, including the need to implement its approved work programme. Its view is that, historically, urban issues have been marginalized in the development agenda. OIOS agrees, and suggests that correcting this deficiency could be the organizing principle for greater focus.

78. Based on the above and the findings described in the present report, OIOS makes the 13 recommendations set out below.

Recommendation 1
Sharpening the focus of UN-Habitat

79. **Given its very broad mandate and the very limited scale of its available resources, UN-Habitat should identify a few critical areas of its mandates on which to focus in order to have the greatest impact within the constraints imposed by its approved work programme. This process of identifying areas of focus should result in proposals to be submitted to the Committee of Permanent Representatives in the first half of 2006 (see paras. 71 and 77).**

Recommendation 2
Improve the planning, management and funding of the global campaigns

80. **The Shelter and Sustainable Human Settlements Development Division should enhance the impact of the global campaigns, through a strategic review and programming exercise, by (a) refining the current campaign model on the basis of past lessons; (b) assisting the sustainability of the campaign momentum beyond the launch event by developing and sharing, at the planning stage, the strategic plans of action with traditional donors and potential new donors; and (c) mobilizing adequate resources for campaign activities (see paras. 13 to 15).**

Recommendation 3
Mainstream housing rights

81. **The Executive Director should establish an in-house task force to mainstream housing rights, including security of tenure and slum upgrading, in all aspects of UN-Habitat activities in the same way that gender issues have been mainstreamed (see paras. 17 and 18).**

Recommendation 4
Consolidate flagship reports

82. **UN-Habitat should publish one flagship report every other year and publicize it through extensive launch activities, utilizing the lessons learned from the launch of the 2003 edition of the Global Report on Human Settlements, *The Challenge of Slums*. All UN-Habitat publications, including its flagship reports, should contain a summary of key findings with policy**

implications, and these findings should be publicized through press releases and interviews. All publications should be sent for review to professional and policy journals concerned with human settlements, and the reviews discussed at the managerial level (see para. 30).

Recommendation 5
Eliminate gaps in research

83. **The Monitoring and Research Division should prioritize its programme of research to eliminate the critical gaps in coverage that it has identified. One priority should be to provide guidance and leadership to the Human Settlements Network, focusing it on policy-oriented research (see paras. 32 and 33).**

Recommendation 6
Best Practices and Local Leadership Programme

84. **It is recommended that:**

(a) **UN-Habitat management ensure that the lessons learned from the Best Practices and Local Leadership Programme are more systematically integrated into the work of the other UN-Habitat units;**

(b) **The guidelines and mode of operation of the Best Practices and Local Leadership Programme should be reviewed in order to focus its work more sharply on human settlements and urban poverty issues (see para. 35).**

Recommendation 7
Evaluate the impact of the UN-Habitat programme managers

85. **An evaluation of the role and effectiveness of the UN-Habitat programme managers should be conducted early in 2007 for review by senior management at both UN-Habitat and UNDP (see para. 46).**

Recommendation 8
Relevant pilot projects involving direct technical assistance should be designed to scale up

86. **It is recommended that:**

(a) **The governing policy in regard to technical assistance for which UN-Habitat is the executing agency should be that relevant pilot projects which involve direct technical assistance for slum upgrading be designed to scale up, if they are assessed to have had a positive impact;**

(b) **In the context of addressing the problem of raising medium- to long-term domestic capital, a critical element of moving to scale, the Slum Upgrading Facility should clearly define its role and the division of labour vis-à-vis other international organizations and lending institutions;**

(c) **The Financial Rules and Regulations of the United Nations Habitat and Human Settlements Foundation should be published and promulgated by the end of 2005 (see paras. 47-49, 58 and 59).**

Recommendation 9
Early involvement of human settlements experts in post-conflict and disaster assessment and reconstruction

87. **It is recommended that:**

(a) **UN-Habitat, through its involvement in the Executive Committee on Humanitarian Affairs, should promote the early involvement of human settlements experts in post-conflict and disaster assessment and reconstruction in order to ensure that human settlements reconstruction follows best practices; to be fully integrated into the United Nations humanitarian and reconstruction process, UN-Habitat must become a member of the Inter-Agency Standing Committee;**

(b) **The Department of Political Affairs should consider inviting UN-Habitat to participate in the meetings of the Executive Committee on Peace and Security, as and when appropriate (see paras. 50-52).**

Recommendation 10
Fund-raising activities

88. **UN-Habitat should clarify who within the organizational set-up is responsible for coordinating fund-raising and raising funds for the global campaigns, global programmes and technical assistance projects (see paras. 55, 58 and 59).**

Recommendation 11
Appointment of a Deputy Executive Director

89. **The appointment of a Deputy Executive Director of UN-Habitat should be expedited to ensure that this senior manager is available full time to focus on the administrative infrastructure and cross-cutting issues (see para. 61).**

Recommendation 12
Secretariat support to Member States

90. **In order to strengthen the support provided to the Committee of Permanent Representatives and the Governing Council, UN-Habitat should streamline the functions of the secretariat of the Governing Council by reassigning its inter-agency affairs responsibilities to another organizational unit (see para. 62).**

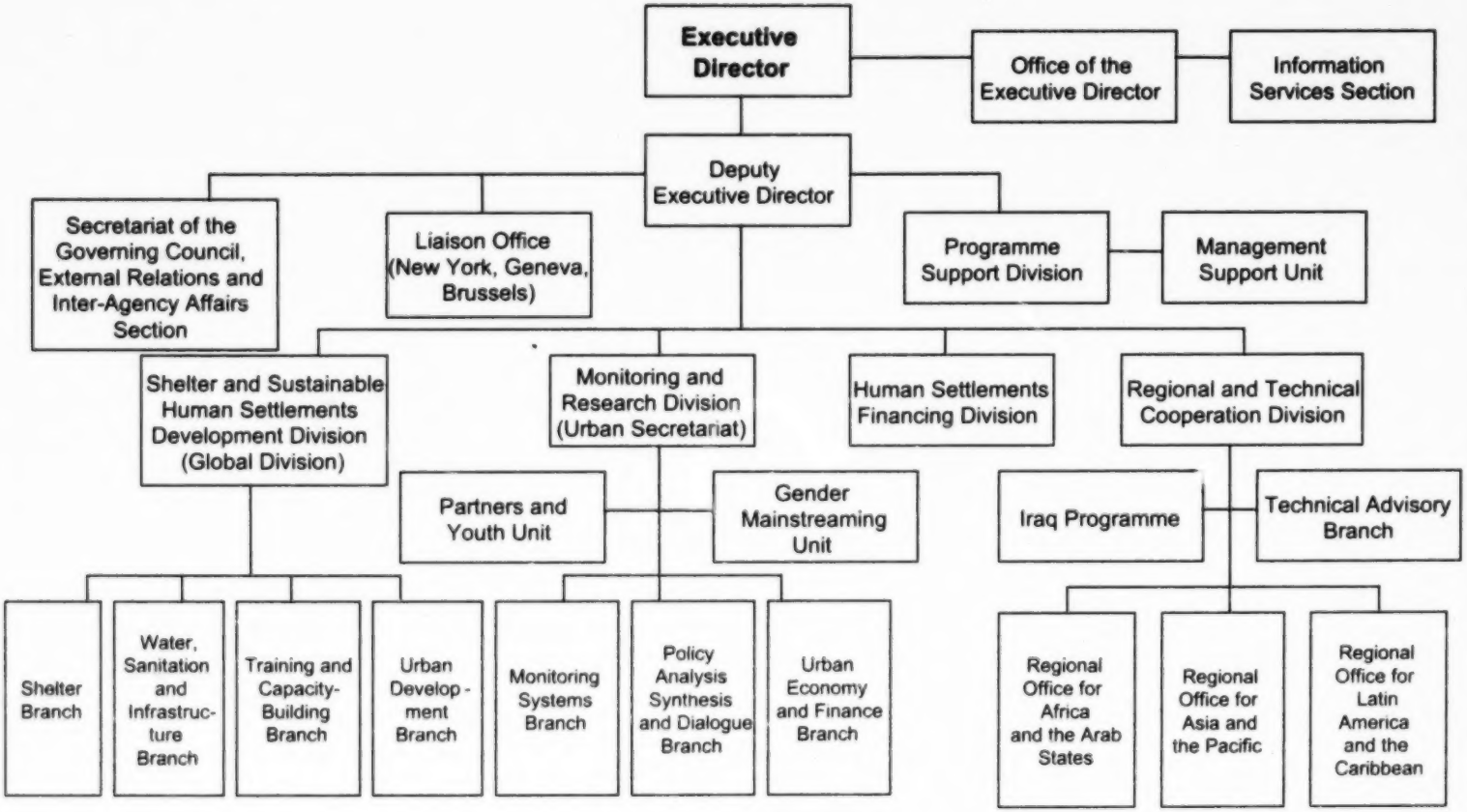
Recommendation 13
Capacity of the Evaluation and Monitoring Unit

91. **UN-Habitat should increase the capacity of the Monitoring and Evaluation Unit by at least one post to better meet its requirements and to improve the quality of evaluation and monitoring activities (see paras. 68-70).**

(*Signed*) Dileep **Nair**
Under-Secretary-General for Internal Oversight Services

Annex

Organizational chart of the United Nations Human Settlements Programme (UN-Habitat)


Executive Director
Office of the Executive Director
Information Services Section
Deputy Executive Director
Secretariat of the Governing Council, External Relations and Inter-Agency Affairs Section
Liaison Office (New York, Geneva, Brussels)
Programme Support Division
Management Support Unit
Shelter and Sustainable Human Settlements Development Division (Global Division)
Monitoring and Research Division (Urban Secretariat)
Human Settlements Financing Division
Regional and Technical Cooperation Division
Partners and Youth Unit
Gender Mainstreaming Unit
Iraq Programme
Technical Advisory Branch
Shelter Branch
Water, Sanitation and Infrastruc-ture Branch
Training and Capacity-Building Branch
Urban Develop-ment Branch
Monitoring Systems Branch
Policy Analysis Synthesis and Dialogue Branch
Urban Economy and Finance Branch
Regional Office for Africa and the Arab States
Regional Office for Asia and the Pacific
Regional Office for Latin America and the Caribbean